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Relationship marketing to product based marketing a trend of residential construction business

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Abstract

When it comes to increasing sales for the business, it's all about building relationships between the company or brand and the customers. The construction companies of the future will successfully marry their online and offline marketing programs to establish a perfect brand for the housing schemes. It is being speculated that Residential construction business firms are likely to have used relationship marketing strategies and other similar traditional methods of marketing with very little focus on House as a product but, service. These are some of the findings that come through the study of current trends in housing construction markets. This paper attempts to review the shift in the trend of marketing strategies of residential construction business based on review of primary data from Nasik region.

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1. Introduction

There are several factors that must be given important consideration in the selection of a home, It is believed that a knowledge of these factors is important, not only to the prospective homeowner, but to the practicing broker who desires to make the sale. By stressing these things in presenting a property, the broker can show his prospect that the home being shown him is fitted to his needs. With the growth of a

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city or even a fairly small town, there are created neighbourhoods or districts. This neighbourhoods result from economic pressures; and these pressures cause neighbourhoods to be in a constant state of flux. As a result of neighbourhood to be in a constant state of flux., As a result of neighbourhood changes, more often than not from as economic obsolescence. Economic obsolescence is defined as the impairment of desirability or usefulness of property brought about by economic and environmental changes of a neighbourhood (Vollucci & Vollucci, 2005). In all probability houses decline in a value more from economic obsolescence than from any other cause. It becomes obvious then, that one of the prime considerations in the selection of a home is the trend of the neighbourhood. Basically, there are four ways to start on the road to home ownership. Buy a lot and build a home. This method involves the purchase of a lot and the building of his home by the individual. With the rising cost of homes in recent years, this method has become more and more popular even with people who know little about home construction. If this method is decided upon, care must be taken not to incorporate any objectionable features in the building that might injure the resale value. Much of the future value depends upon the plan of the home; therefore, in planning a home-

- A home can be obtained by an architect's plans, or make use of plan services, on owners plot
- Select a home from plans and let out a contract. This second method of acquiring a home is often used. There may be in this method the danger that the plans selected will not fit the site, but the greatest danger in using this method is in the selection of a competent contractor. This method is dependent on relations of client and contractor.
- An already erected home can be bought by acquiring a home has certain advantages over the town methods previously discussed. First, the purchaser is able to know to a certain degree what he is getting. Second, homes of this type are usually in developments where the character of the neighbourhood has been created to conform to the homes constructed from plans. Developers, because they are building a number of homes at one time, usually can affect savings that are passed on to the purchaser. Here the price of house may vary as per the emotional (sentimental) valuation depending on relations of client and customer.
- Pre-owned and older home and remodel older homes are excellent buys and can be purchased with the idea of making them over into comfortable modern living quarters. The great danger in purchasing an older home with the idea of remodelling is the neighbourhood. This cannot be too strongly emphasized. All properties are interdependent, that is, their value tends to be either raised or lowered as a result of the value of adjacent properties. For example, it is possible to over improve, in which can the sale value of the property is decreased by the less desirable character of the neighbourhood. In such cases the preowned house is normally purchased/ sold on some recommendations, referrals of the person's known to buyers or sellers who are as the estate agents, property dealers.

2. Objectives of the study

- To study the Relationship building strategies adopted by builders, professionals in Construction Business (housing).
- To trace out the basic steps involved in identifying suitable market positioning in Housing sector and impact of neighbourhoods (Relations) in buying decisions
- To evaluate the acceptance and adoption of changes in price/valuation of property, Identifying the customers at purchasing point with in different Income groups for product marketing v/s relationship marketing strategy of builders

3. Research methodology

This paper is a working paper of the researcher Related to the on-going research in Housing construction marketing sector, in Nasik region. The researcher has used the Field survey method by a constructed Questionnaire to collect the primary data from the market. In this paper for an example data of Jalgaon area is used for hypothesis testing. The total sample size is 1200 (Nasik region). In this paper only 150 (Jalgaon i.e. 50 each component- Builder, Architect, Estate agents/Brokers and customers) sample size is considered for analysis. Samples are randomly selected, hypothesis tested using SPSS Software. Due to less availability of secondary data related to this area of research only reference is taken from books as mentioned in the references, no direct literature of housing construction marketing using relations as base was found so literature review is not included in this paper but indirect and general marketing strategies (product and services) are studied by researcher to reach the conclusions.

4. Findings

4.1. *Customers at purchasing point with product marketing v/s relationship marketing strategy of builders*

In general, older sections of a city begin their decline soon after newer sections begin to make a strong appeal with home buyers. A prospective purchaser of a home should look for a neighbourhood constraining a high percentage of owner-occupied homes. Neighbourhoods with owner-occupied homes as distinguished from tenant-occupied homes tend to be relatively stable in value. Further, one should look for a neighbourhood that contains well-planned and well-located homes of the same physical characteristics. Some findings of author regarding housing construction indicated that changes in the physical characteristics of a neighbourhood alone do not cause people decide to buy. Apparently people will move more readily if the social characteristics of the neighbours become different from their own, even if they like their homes. The rules seem to be, the higher the socio-economic status of the individual, “the more likely he is to be content with the characteristics of the neighbours”. Furthermore if a person believes his dwelling is temporary, the social characteristics of the neighbourhood are relatively meaningless.

- **Site:** In selecting the site, whether it be a vacant lot or an already built home, in the final analysis, the site should afford privacy, and if possible, a pleasant view together with enough space for family recreation. The location also includes the locality of neighbours or residents standard of living, religious, cultural factors, behaviour and known neighbourhood living nearby in the area.
- **Utilities:** This is an important consideration when selecting a building site. Utilize generally means the existence of electricity, telephone, and water and sewage disposal. Of course, when a house is already erected, the presence of absence of these things is obvious. Still, this factor is an equally important consideration when selecting a building lot.
- **Family Needs:** Probably the most important consideration in the selection of a home is family needs. A home must be geared to the needs of the individual family. A good house design or plan should incorporate whiting it rooms and areas designed to accommodate these needs. When examine a house for purchasing the customers normally ask three major questions.-
 - a) Does the house have the necessary “housework space”? This means that kitchen space, laundry (where is it?) housecleaning maintenance space and possible space for domestic help, if that is a consideration of the family.
 - b) Does the house have the necessary and properly laid-out space to fulfil the needs of family group life? Does it have the proper dining space (that is, a separate dining room, living room-dining room, or

part of the kitchen) is the living room large enough? Does it have a space for recreations? Does it have the requisite space for small children's activities, if that is a factor? Is there a play room? If not, will the living room fulfil this need?

c) Does the house have the necessary space to fulfil the needs for family private life? This means that the bedrooms must be adequate, in terms of numbers and size, there must be sufficient space to insure proper clothes storage, and there must be a sufficient space to insure proper clothes storage, and there must be a sufficient number of baths. In additions, one might consider whether the house has a study area. If there is to be entertaining of overnight guests, one must raise the question as to the size and type of guest accommodation.

All these considerations are again dependent on the budget and customers own ideas and desires of his and his families.

- **Convenience:** Convenience means convenience of the location for the family unit. What may be convenient for one family may not be convenient for another. One family may need a home located near schools; another may not be interested in location with regard to schools. In selecting a house, however, the family must give consideration to its location in terms of convenience to the various members of the household. Convenience of transportation will always be important to the breadwinner of the family, while nearness to stores or shopping centres is important to the shopping member of the family. Nearness to churches, recreational areas, etc., is also considered.
- **Exterior Appearance:** Exterior appearance is an important consideration in home selection. Architectural styles and designs vary with climate, customs, location, and economic conditions of the time in which the homes were built. The person contemplating purchasing an older home should ask himself whether or not the exterior appearance of the home under consideration conforms to the neighbourhood. And he should also give serious consideration to the question of whether or not the established landscaping is in harmony with the exterior appearance of the home.
- **What women want in a home:** It is a true remark that one should never underestimate the power of a woman. And for the most part, in housing, the observations of this research indicate that the woman dictates not only the home purchase, but the style. The women that met felt that the minimum home features for a middle-income family with children should include; a kitchen-family room with space for a table and six chairs, a separate laundry-utility room on the first floor, and a half-bath adjacent to the rear entry. In addition they felt that some of the other minimum components were parlour-type living room, enclosed. These desires are, of course, reluctant to the practitioner. In selling a home the broker should be sure to emphasize the desirable features and point out those things that women want in a home.
- **The Dream Home:** According to some architects and builders who were interviewed say that, the model or mythical dream home does exist in the mind of the consumer. It would appear that it is not wildly extravagant. It is a single-story house of modified contemporary style" set on a 70 foot by 100 foot lot off a cursing street and surrounded by houses different from, and somewhat more pretentious than it. It has six rooms, three or four bedrooms, a large kitchen, one and a half or two baths with colour tile walls and separate tub and shower, a large living room, and perhaps, a family room. It also has a garage large enough for storage purposes, a porch, a flagstone patio, a den or guess room, and a basement (Longman, 1986).

4.2. Considerations of builder and promoters for housing business

Advertising and promotion cost balancing, Benefits if both trends on Branding the housing project. The basic steps involved in identifying suitable market positioning and developing strategy to reach by the builders and other components of housing Industry are:

- **Market analysis:** Determines overall level and trend of demand and geographic location of this demand. Alternative ways of segmenting the market should be considered and an appraisal made of the size and potential of different market segments (Joy 1990). Findings trace out the need for more research needed to gain better understanding not only of Customers' needs and preferences within each of the different segments but also of how each perceives the competition.
- **Internal corporate analysis** identifies resources and limitations of its management. Using insight from this analysis, the organization is able to select a limited number of target markets which it is willing and able to serve with either new or existing services.
- **Competitive analysis:** Strengths and weaknesses of competitors are analysed, which suggests opportunities for differentiation. Relating these insights to the internal corporate analysis should suggest which benefits should be offered to which target market segments (Shanker 1993). The outcome of integrating these three forms of analysis is a positioning statement that articulates the planned positioning on the organization in the market.

4.3. Principal elements of secondary level

- **Feature:** In the tangible product (housing project), feature represent specific components of a product that could be added or subtracted without changing its essential characteristics. Features can be added or subtracted to the product so that an organization produces a range of products that appeal to a variety of different market segments, each with the same core needs but with each segment requiring marginally different products to satisfy differing secondary needs. Particular bundles of tangibles and intangibles comprise the service product representing different service forms.
- **Styling:** This implies giving the product a distinctive feel or look. A broader definition of style comprises an external manner, mode or approach rather than mere physical quality. The relationship between the customer and service provider is important, and distinctive style can be developed. The style of a service is a result of the combination of features including tangible décor and the intangible manner in which front line staff interact with customer.
- **Branding:** The purpose of branding in housing construction is to identify products as belonging to a particular organization and to enable differentiation of its products from those of its competitors. The service offering itself is less likely to be branded. It is more likely that the process of branding will focus on the service providers' corporate image (Thomas & Nanda 2004).
- **Physical evidence:** The Housing construction service marketers differentiate their services from competition by adding tangible features e.g., distinctive design, elevations, textures and accessories used in interior utilities.
- **Service delivery:** In housing business (service marketers) builders use the concept of accessibility rather than seeing service provision in terms of distribution/delivery as with goods. A number of resources affect this accessibility for example human resources, machines, and buildings. The service itself may be intangible but these resources make the delivery of service a reality.
- **Process:** Most services are concerned with the production process as much as with any final outcome. Service design should pay attention to processes and the manner in which services personnel interact with customers during this process.
- **People:** Relations and image of service providers who is attached to the project of housing and in contact with clients are the source of building long lasting business relations. People (professionals/ employees) involved in the process of delivering a service can be critical in defining that service and customers' perception of it.
- **Quality:** Customers may judge not so much the quality of an individual service offering but rather the quality of the service provider.

5. Interpretation and analysis of data

5.1. Hypothesis I

Builders and professionals in construction business rely on and use relations for marketing their project (product).

Table 1. Relationship marketing comparison of marketing at Nasik & Jalgaon Region.

Region wise components	Media						
	A) Newspapers	B) Television	C) Relatives	D) Hoardings	E) Brokers	F) Internet	G) Association of other
Brokers Nasik	45	36	28	16	13	3	3
Contractor/ Builders, Nasik	43	24	33	28	23	5	6
Architects, Nasik	38	16	30	13	23	4	9
Brokers Jalgaon	41	24	19	14	21	9	7
Contractor/Builders, Jalgaon	39	17	22	23	19	11	4
Architects, Jalgaon	37	20	18	13	20	8	6

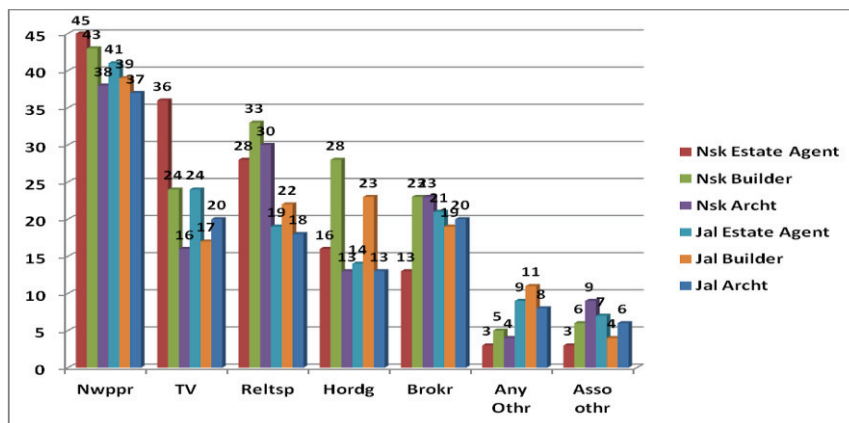


Fig. 1. Relationship marketing comparison of marketing at Nasik & Jalgaon Region

Tabular analysis: The above table and graph are based on the questions as per the objectives number 1 and indicate the figures as per the data collected from Jalgaon and Nasik Markets. In the below figures of hypothesis analysis the data of Jalgaon market for testing the comparative share of relations marketing with other medias of marketing show a relative positive result in case of relation (with clients & brokers).

Table 2. Case processing summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Media Used *						
Relationship	50	100.0%	0	.0%	50	100.0%

Table 3. Media Used * Relationship Cross tabulation Count

		Relationship		Total
		yes	no	
Media Used	yes	40	9	49
	no	1	0	1
Total		41	9	50

Table 4. Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.224(b)	1	.636		
Continuity Correction(a)	.000	1	1.000		
Likelihood Ratio	.401	1	.526		
Fisher's Exact Test				1.000	.820
Linear-by-Linear Association	.220	1	.639		
N of Valid Cases	50				

a) Computed only for a 2x2 table; b) 2 cells (50.0%) have expected count less than 5. The minimum expected count is .18.

Table 5. Symmetric measures

		Value	Asymp. Std. Error(a)	Approx. T(b)	Approx. Sig.
Interval by Interval	Pearson's R	-.067	.035	-.465	.644(c)
Ordinal by Ordinal	Spearman Correlation	-.067	.035	-.465	.644(c)
N of Valid Cases		50			

a) Not assuming the null hypothesis; b) Using the asymptotic standard error assuming the null hypothesis; c) Based on normal approximation.

5.2. Hypothesis II

Table 6. Comparison of income level and customers choice of media for buying a house (Figures in percentile)

Level of Income	Media					
	A) Newspaper	B) Television	C) Relations	D) Hoardings	E) Brokers	F) Internet
Below 5000	2	0	6	2	0	0
5000-15000	4	0	4	0	0	0
15000-25000	6	2	16	10	2	0
25000-35000	10	5	15	4	11	5
Above 35000	8	0	1	5	20	16

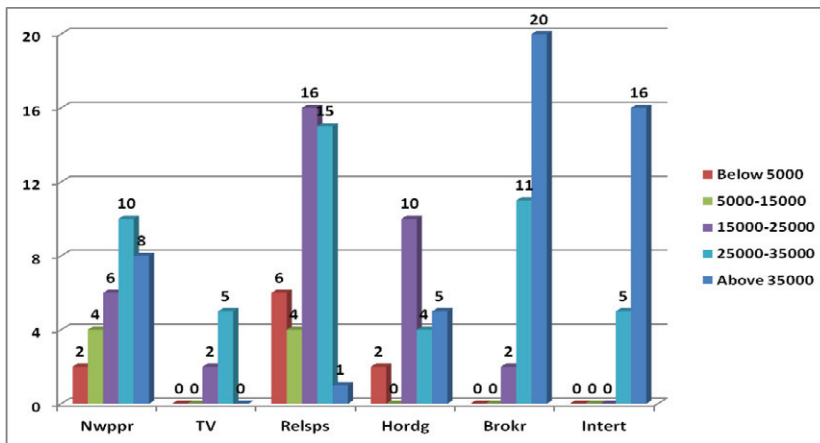


Fig. 2. Comparison of income level and customers choice of media for buying a house

Tabular analysis: The above table and graph are based on the questions as per the objectives no 1 and indicate the figures as per the data collected from Jalgaon and Nasik Markets. In the below figures of hypothesis analysis the data of Jalgaon market for testing the comparative share of relations marketing with other medias of marketing at different Income groups. Whereas the low income group i.e. below 5000 and 5000-15000/month group show less use any media but comparative use of relations. On the other hand the income group of 15000-25000/ per month show 26% dependence of relations and brokers for buying decision. Other two groups in high level income use both Medias and relations at high degree. In the analysis put to test show the market price and income effect on reliance of customer on the media, for buying decision of house.

Table 7. Case processing summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Market price *	50	100.0%	0	.0%	50	100.0%
Relationship cost						

Table 8. Market price * Relationship cost Cross tabulation Count

		Relationship cost		Total
		yes	no	
Market price	yes	20	5	25
	no	0	25	25
Total		20	30	50

Table 9. Chi-Square tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	33.333(b)	1	.000		
Continuity Correction(a)	30.083	1	.000		
Likelihood Ratio	42.281	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	32.667	1	.000		
N of Valid Cases	50				

a) Computed only for a 2x2 table; b) 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.00.

6. Suggestions and conclusion

Relationship-building strategies: The time tested strategies for the relation marketing should be practically implemented by the components of Housing construction business like Communicate Frequently with existing clients – there references, Associates and related contacts in housing sector who come in to the category of influencers in house buying decisions, Offer Customer Rewards like complimentary Interior utilities, gift or travel vouchers etc. Hold Special Events, Build Two-way Communication-When it comes to customer relations, "listening" can be every bit as important as "telling." Use every tool and opportunity to create interaction, including asking for feedback through Web site and e-newsletters, sending customer surveys (online or off-line) and providing online message boards or blogs. Customers who know they're "heard" instantly feel a rapport and relationship with builders firm. Enhance Your Customer Service- The method for resolving customer problems quickly and effectively. One of the best ways to add value and stand out from the competition is to have superior customer service. Customers often make choices between parity products and services based on the perceived "customer experience." This is what they can expect to receive in the way of support post selling services like maintenance, repairs, resale etc. this help to build repeat business, create positive word-of-mouth and increase sales from new customers to their relatives or known persons as a result. Match Perception with Reality- **Suspend Criticism** from client's point of view he expresses his dream home ideas. All ideas, no matter how crazy they may seem, should be encouraged and recorded without comment or criticism from the group. The general goal of brainstorming is to collect as many ideas as possible, making quantity much more important than quality at this initial stage. **Postpone Evaluation**- Brainstorming sessions are not the time or place to evaluate the merits of the ideas suggested. So don't suspend the process to evaluate the projected results of any single idea. **Build on Others' Ideas** -At their best, brainstorming sessions are fast-paced and fun. Participants should try to build each consecutive idea on the previous ones. This can sometimes result in surprising twists and turns. **Suspend Criticism**- All ideas, no matter how crazy they may seem, should be encouraged and recorded without comment or criticism from the group. The general goal of brainstorming is to collect as many ideas as possible, making quantity much more important than quality at this initial stage. **Build on Others' Ideas**-At their best, brainstorming sessions are fast-paced and fun. Participants should try to build each consecutive idea on the previous ones. This can sometimes result in surprising twists and turns.

Thus the adoption of the Relationship philosophy as a key strategic issue is important than a written plan. On an average to a developer is 25% to 40% on investment deployed or 10 to 15% on turnover. And an average yield to investor is 20 to 30% on investment on yearly basis. A home buyer can be both

speculative or end user and the last two years have seen a minimum profit of approx. 25-40%. Some of the reasons to the boom in demand for housing sector are easy availability of finance from the housing finance companies and banks, lower interest rates, escalating salaries and availability of fiscal and tax benefits. Residential mortgages as percentage of GDP is just over 2.21% in India. And Indian clients attached to tradition and culture prefers a house build through relations for long lasting family and business relations.

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